



Bay Area Air Quality Management District

Application Guidance for

Clean Fleets Program

For Fiscal Year Ending (FYE) 2019

www.baaqmd.gov/cleanfleets

The Clean Fleets Program helps offset a portion of the cost of purchasing or leasing new light-duty zero-emissions vehicles (ZEV) for fleets that operate within the Bay Area Air Quality Management District's (Air District) jurisdiction. This grant program is funded by the Air District's Transportation Fund for Clean Air (TFCA).

Applications must be received by 4 PM, January 31, 2019

Applications may be submitted online after attending at least one pre-application webinars and reviewing this guidance document.

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OTHER AIR DISTRICT GRANT & INCENTIVE PROGRAMS

In addition to the *Clean Fleets* Program, the Bay Area Air Quality Management District offers grant funding to incentivize emissions reductions to improve air quality in the region. Funds are available for the following project categories:

On and Off-Road Heavy-Duty Diesel Vehicles	Shuttle, Ridesharing, and Vanpools
Locomotives	Light-Duty Vehicles
Marine Vessels	Bikeways and Bike Parking
Lower-Emission School Buses	Alternative Fuel Vehicles and Infrastructure

The Air District also offers grant funding for Heavy-Duty Vehicles through the Carl Moyer Program. For more information on other Air District Grants and Incentives contact us:

Website: <http://www.baaqmd.gov/grants>

Email: grants@baaqmd.gov

Grants Information Request Line: (415) 749-4994

OTHER FUNDING OPPORTUNITIES FOR ZEVs

In addition to the Zero-emissions Vehicle Fleet program, other opportunities for funding zero-emission vehicles may be available. Applicants are encouraged to explore all opportunities and select the one(s) that works best for them. In some cases, funding from this Program may be combined with funding from other grant programs, but the applicant is responsible for ensuring their project meets the eligibility of each program.

- PG&E EV Charge Network: This program offers charger installation at workplaces and multi-unit dwellings such as apartment complexes in PG&E's service territory. For more information, visit the program website at: https://www.pge.com/en_US/business/solar-and-vehicles/your-options/clean-vehicles/charging-stations/ev-charge-network.page
- Low Carbon Fuel Standard (LCFS): Credits are available to offset the cost of operating the charging stations. For more information, please visit <https://www.arb.ca.gov/fuels/lcfs/electricity/electricityh2.htm>.
- Community Choice Aggregators (CCA): CCA's may provide additional funding opportunities to deploy electric vehicles (EV) and related infrastructure. Please contact your local CCA for information on any available programs.
- Carl Moyer Program: The Air District administers the Carl Moyer Program, which provides funding for the replacement of diesel on-road medium and heavy-duty equipment, and off-road diesel equipment. Please visit the Carl Moyer Program website at <http://www.baaqmd.gov/moyer> for details.

The Air District aims to provide current information, however programs administered by other organizations are subject to their own timelines. Please visit the *Clean Fleets* Program website for updated information.

BAY AREA AIR QUALITY MANAGEMENT DISTRICT

The California Legislature created the Bay Area Air Quality Management District (Air District) in 1955 as the first regional air pollution control agency in the country, recognizing that air pollution transcends political boundaries. The Air District is the public agency entrusted with regulating, measuring, and reducing sources of air pollution in the nine counties that surround San Francisco Bay: Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, southwestern Solano, and southern Sonoma counties.

TRANSPORTATION FUND FOR CLEAN AIR (TFCA)

Tailpipe emissions from on-road motor vehicles account for more than 40% of the criteria air pollutants and about 36% of the green-house gases (GHG) emitted^{1,2} and contribute to unhealthy levels of ozone ("smog") and particulate matter in the Bay Area. Significant emissions reductions from the on-road transportation sector are needed to attain State and Federal ambient air quality standards and GHG emission reduction targets.

In 1991, the California State Legislature authorized the Air District to impose a \$4 surcharge on motor vehicles registered within its jurisdiction to fund projects that reduce on-road motor vehicle emissions. These funds support the Transportation Fund for Clean Air (TFCA) Program, which provides funding to qualifying trip reduction and alternative fuel vehicle projects.

The Air District views deployment of zero-emission vehicles (ZEVs) as a promising means to reduce criteria and greenhouse gas emissions from the transportation sector. For fiscal year ending 2019 (FYE 2019) the Air District has committed over \$10 million for clean vehicle projects.

¹ BAAQMD, [Bay Area Emissions Inventory Summary Report: Criteria Air Pollutants Base Year 2011](#), May 2014.

² BAAQMD, [Bay Area Emissions Inventory Summary Report: Greenhouse Gases Base Year 2011](#), January 2015.

PROGRAM SUMMARY

The goal of the *Clean Fleets* Program is to accelerate adoption of light-duty ZEVs in public and private fleets. The Program provides funding to reimburse up to 75% of the cost to purchase or lease a new ZEV after all other grant and applicable manufacturer and local/state/federal rebates and discounts are applied.

The Air District reserves the right to modify this solicitation at its sole discretion. *Please read this package completely before filling out an application; incomplete applications may be rejected.*

DEFINITIONS

Zero-emission Vehicle (ZEV): Vehicles which produce no emissions from the on-board source of power (for example, a fully electric vehicle)³. ZEV technologies include:

- **Battery Electric Vehicle (BEV):** A vehicle that runs on electricity stored in batteries and has an electric motor rather than an internal combustion engine⁴
- **Hydrogen Fuel Cell Vehicle (FCV):** Hydrogen fuel cell vehicles are zero emission and run on compressed hydrogen fed into a fuel cell “stack” that produces electricity to power the vehicle. A fuel cell can be used in combination with an electric motor to drive a vehicle⁵

Project: A Project under this program involves the purchase or lease of one or more ZEV (Implementation Phase), operating and maintaining the ZEV(s) for a minimum of three years (Operation Phase). For more information about Project Phases, see section below on Program Phases and Schedule.

Project Sponsor: The Project Sponsor in this program is the organization that enters into contract with the Air District to implement the Project.

Executed Funding Agreement: Contract that has been signed by both the project sponsor and the Air District and contains all the terms and conditions for the approved project. *Funding agreements are typically sent to the project sponsor for execution within 30 days following the Notice of a Proposed Award. Any work performed prior to the full execution of a funding agreement is not eligible for funding.*

³ California Air Resources Board, [Advanced Clean Cars Glossary](#).

⁴ California Air Resources Board, [Advanced Clean Cars Glossary](#).

⁵ California Air Resources Board, [Advanced Clean Cars Glossary](#).

MANDATORY PRE-APPLICATION WEBINAR AND WEBINAR SCHEDULE

Applicants must attend at least one pre-application webinar before submitting an application. Each webinar will be held online and is limited to 100 attendees. Registration is required. The webinars will cover *Clean Fleets* Program Requirements, the application process and evaluation criteria, and grantee/project sponsor's administrative requirements. The following webinars have been scheduled:

- Tuesday, August 28, 2018, 10AM – 11AM ([Register](#))
- Tuesday, September 18, 2018, 2PM – 3PM ([Register](#))
- Thursday, October 4, 2018, 2PM – 3PM ([Register](#))

Based on demand, additional webinars may be scheduled and posted on the Program Website.

PROGRAM REQUIREMENTS

GENERAL REQUIREMENTS

- Eligible applicants include businesses, non-profits, and public agencies who own and operate light-duty vehicle fleets
- Projects must be new, voluntary and surplus:
 - This grant is not retroactive. Applicants are not eligible for award if any of the proposed vehicles or equipment are ordered, purchased, or installed before a Notice of Proposed Award is issued AND the Funding Agreement has been executed. **Any work performed prior to the full execution of a funding agreement is not eligible for funding**
 - Projects are not eligible if they include vehicles that are required to be purchased or installed by a regulation, local ordinance, or other legal obligations (e.g., legal settlement, condition of lease agreement or use permit).
- ***Applicants must be in "good standing" with the Air District:***
 - Applicants must certify that, at the time of the application and at the time of issuance of the grant, they are in compliance with all local, State, and federal air quality regulations. Applicants who are in compliance with those laws, rules and regulations, but who have pending litigation or who have unpaid civil penalties owed to the Air District, may be eligible for funding, following a review and approval by the Air District. The Air District may terminate a grant agreement and seek reimbursement of distributed funds from the project sponsor who was not eligible for funding at the time of the grant.
 - Project sponsors who have failed to meet contractual requirements such as project implementation milestones or monitoring and reporting requirements for any project funded by the Air District may not be considered eligible for new funding until such time as all of the unfulfilled obligations are met.
- Projects must include at least 10 vehicle lease or purchases.

NEW VEHICLE REQUIREMENTS

- Vehicles must be model year 2018 or newer and have a Gross Vehicle Weight Rating (GVWR) of 14,000 lbs. or lighter (light-duty).
- Vehicles may be purchased or leased.
- ***Vehicles must operate within the [Air District's jurisdiction](#) at least 80% of the time during the Project Operational Phase.*** Only the miles driven within the Air District's jurisdiction will be counted towards the vehicle's usage requirement.

- **ZEV Certification:** Vehicles must be certified as a zero-emission vehicle by the California Air Resources Board.

PROJECT SPONSOR OBLIGATIONS

Project Sponsors must agree to and do all the following:

- Cover up-front costs (prior to reimbursement), cover all costs in excess of the grant amount, and provide matching funds based on the requirements listed in the Award Amounts section below;
- Sign (Execute) the Funding Agreement and return to the Air District within 60 days of receiving it;
- Purchase, install, and place into service all approved equipment within 1 year from the date the Funding Agreement is executed (Implementation Phase);
- Obtain and maintain liability and any other necessary insurance for the duration of the “Project Term” (see Appendix A);
- Operate and maintain each funded equipment for a minimum period of three years and ensure that the project achieves its usage requirement (see below). If a Project Sponsor does not fulfill the usage requirements at the end of 3-year Operation Phase, the Project Sponsor may apply to the Air District to extend the operation period, or the Air District will proportionally reduce the amount of funds awarded;
- Ensure that all funded equipment is maintained and kept in good working order during the Operation Phase;
- Submit the following reports using templates provided by the Air District for each vehicle:
 - Progress reports every 6 months during the Implementation (purchase) Phase,
 - Operational reports after all equipment is placed into service and during the Operation Phase;
- Acknowledge the Air District as a funding source at the facility and in communications promoting the project. Logos will be provided to the Project Sponsor; and
- Allow Air District staff or its authorized representatives to inspect the project and conduct financial audits, including all records relating to project performance and expenses incurred.

USAGE REQUIREMENT

- The Usage Requirement is the number of fossil-fuel miles that must be displaced within the Air District’s jurisdiction by the ZEV over the 3-year operation period.
- The specific Usage Requirements are listed below in Table 1.

AWARD AMOUNTS (MAXIMUM AND MINIMUM), MATCH FUNDING AND REIMBURSEMENT SCHEDULE

- Project Sponsors are required to provide match funding to cover at least 25% of eligible project costs after all other applicable manufacturer and local/state/federal rebates and discounts are applied.
- **Minimum award amount: \$10,000.** Projects must qualify for at least \$10,000 in Program funding. Project Sponsors who modify their project’s scope of work post-award such that their award is reduced to below the threshold will have their entire award cancelled.
- **Maximum award amount: \$500,000.** Applicants may submit multiple applications; however, no one applicant may receive more than \$500,000 total in *Clean Fleets* Program funding in FYE 2019.
- The *Clean Fleets* Program funding is paid on a reimbursement basis; therefore, Project Sponsors are required to pay for all vehicle purchase costs up-front.
- Award funding is paid to Project Sponsors in two installments: 85% of the award after the vehicles and infrastructure are purchased and placed into service, and 15% of the award after the vehicles have completed their operational and usage requirements. For more information on the process, see Program Process and Schedule.

Each ZEV purchased can receive the base award listed below and must achieve the base usage requirement.

Table 1: Base Award Amount for each vehicle type

Vehicle Type	Funding Amount per vehicle	Usage requirement per vehicle (miles/year)
Motorcycles	\$1,000	3,000
Light Duty Vehicles (GVWR up to 14,000 lbs.)	\$1,000	18,000

ELIGIBLE PROJECT COSTS

The *Clean Fleets* Program funds may only be used to reimburse for the costs of the items listed below:

- Purchasing cost of vehicles and infrastructure, including tax;
- Installation of infrastructure.

INELIGIBLE COSTS

The *Clean Fleets* Program funds may not be used to reimburse for the following costs:

- Consultant fees;
- Maintenance, repairs and operations, such as cost of electricity (utility) and network fees;
- Administrative costs, including accounting for Program funds and fulfilling contractual obligations, including, but not limited to audits, reporting and record-keeping requirements specified in the Funding Agreement.

PROGRAM PHASES AND SCHEDULE



Each project contains five (5) phases. The activities and milestones for each of the phases are described below.

APPLICATION PHASE

The applicant submits an application online at www.baaqmd.gov/cleanfleets after attending at least one of the pre-application webinars. The following documents must be submitted with the online application:

- Evidence of Authority to Implement the Project:
 - a signed letter of commitment from the applicant's representative with authority (e.g., Chief Executive or Financial Officer, Executive Director, or City Manager); or
 - a signed resolution from the governing body (e.g., City Council, Board of Supervisors, or Board of Directors).
- Proof of property ownership for projects that include infrastructure.
- If the new vehicle will be operating in a fixed-route service, a map showing the route.
- Line-item estimate for each vehicle. A cost quote or purchase order from a dealer must be provided and will be used during the evaluation phase. Project Sponsors may select a different dealer after a funding award is made, as long as there is no change to the Project Scope.
- Documentation demonstrating the new vehicles will meet the usage requirement, which can include estimated and/or historical daily vehicle miles traveled.

Applicants are also required to submit a W-9 Form. Please mail this to Bay Area Air Quality Management District, ATTN: Finance/*Clean Fleets* Program, 375 Beale Street Suite 600, San Francisco, CA 94105.

EVALUATION PHASE

All applications will be reviewed on a first-come, first-served basis. If the Program is oversubscribed, projects implemented in areas designated as [Highly Impacted Communities](#) by the Air District will be given priority.

DATE	ACTIVITY
August 28, 2018	Program solicitation released
January 31, 2019 (unless funds exhausted sooner)	Application deadline (solicitation closes)
<ul style="list-style-type: none"> <i>Projects that request \$10,000 - \$100,000</i>, within 60 days from the date all application materials are submitted and complete <i>Projects that request greater than \$100,000</i>, have a longer approval process since they require Air District Board approval 	<ul style="list-style-type: none"> Air District notifies applicant about its determination (Notice of Proposed Award) and a proposed Funding Agreement is sent for the Project Sponsor's signature Applicants that are not selected for award are notified and provided an explanation of why their project was not selected or found to be eligible

Applicants with eligible projects will be notified (**Notice of Proposed Award**) and will receive a Funding Agreement for signature. Once the Funding Agreement is fully executed (signed by both the Applicant/Project Sponsor and the Air District), a **Notice to Proceed** will be issued, and the project moves to the Implementation Phase

Projects that commence (e.g., pre-order vehicles) prior to receiving the Notice to Proceed will be disqualified and cancelled.

IMPLEMENTATION PHASE

The Project Sponsor must purchase or lease the vehicles and infrastructure and place them into service within one (1) year. The Implementation Phase ends on the date that **ALL** vehicles are placed into service.

DATE	ACTIVITY
Within 1 year of the Notice to Proceed	<ul style="list-style-type: none"> All new vehicles and infrastructure must be purchased or leased, installed and/or placed into service.
Every April 15 and October 15 during the Implementation Phase	<ul style="list-style-type: none"> Project Sponsor submits Semi-Annual Reports to the Air District
Within 3 months of the completion of the Implementation Phase	<ul style="list-style-type: none"> Project Sponsor submits Expenditure Report and Invoice to the Air District After approval of the Expenditure Report and Invoice, Air District releases first installment (85% of award) to Project Sponsor

OPERATION PHASE

During this phase, the Project Sponsor will operate and maintain the vehicles for three years.

DATE	ACTIVITY
During Operation Phase	<ul style="list-style-type: none">• Project Sponsor must maintain and operate the vehicles• Project Sponsor must maintain required insurance and CA DMV registration• Project Sponsor cooperates with the Air District and its designees on fiscal audits and inspections of the project•
Every March 1 during the Operation Phase	Project Sponsor submits annual reports to the Air District
Upon completion of the Operation Phase	After approval of the Annual Reports and Project Sponsor demonstrates that usage requirement has been met, Air District releases second installment (15% of award) to Project Sponsor

RECORDS RETENTION PHASE

During this phase, the Project Sponsor is required to maintain all Project records in a centralized location for three additional years after the end of the Operation Phase.

ADDITIONAL INFORMATION AND QUESTIONS

Responses to questions, program materials, and program updates will be posted on the Program website at:
<http://www.baaqmd.gov/cleanfleets>

If you have questions, please contact:

Mark Tang
climatetech@baaqmd.gov
Staff Specialist
375 Beale Street, Suite 600
San Francisco, CA 94105

APPENDIX A: INSURANCE GUIDELINES

Project Sponsors who are selected for award must obtain and maintain the required insurance coverage for the duration of their Project's Term. The typical funding agreement requires that each Project Sponsor provide documentation showing that the Project Sponsor meets the following requirements for each of its projects.

- A. Liability Insurance with a limit of not less than \$1,000,000 per occurrence, of the type usual and customary to the business of the Project Sponsor, and to the operation of any portion of the Project.
- B. Property Insurance in an amount of not less than the insurable value of Project equipment funded under the Agreement, and covering all risks of loss, damage or destruction of such equipment.
- C. Vehicle Insurance, in accordance to State of California requirements.

Acceptability of Insurers: Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII.

The Air District reserves the right to specify different types or levels of insurance in the funding agreement. The Air District may, at its sole discretion, waive or alter this requirement or accept self-insurance in lieu of any required policy of insurance.

APPENDIX B: BOARD OF DIRECTORS APPROVED TFCA REGIONAL FUND POLICIES AND EVALUATION CRITERIA FOR FYE 2019

Board of Directors Approved TFCA Regional Fund Policies and Evaluation Criteria for FYE 2019 can be found under the “Resources” section of the *Clean Fleets* Program website (<http://www.baaqmd.gov/cleanfleets>).